

## Message Text

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

USCINCSO

XMT AMEMBASSY BRASILIA

AMEMBASSY MEXICO

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FOLLOWING REPEAT GENEVA 1016 ACTION STATE INFO BERN BONN  
BRASILIA BRUSSELS CANBERRA COPENHAGEN DUBLIN THE HAGUE LONDON  
LUXEMBOURG MEXICO NEW DELHI PARIS OTTAWA ROME STOCKHOLM  
TOKYO EC BRUSSELS OECD PARIS FEB 14

QUOTE

LIMITED OFFICIAL USE GENEVA 1016

PASS WHITE HOUSE FOR SEIDMAN FROM WOLFF

E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: MTN: TRADE NEGOTIATIONS COMMITTEE MEETING, FEB 11-13,  
COUNTRY PERSPECTIVES

1. SUMMARY. THE TRADE NEGOTIATIONS COMMITTEE (TNC)  
DEVOTED THE AFTERNOON OF FEB 11 AND ALL OF FEB 12 TO  
STATEMENTS BY ALL LEADING PARTICIPANTS AND A NUMBER OF  
OTHER DELEGATIONS, OF THEIR INITIAL POSITIONS IN THE  
MULTILATERAL TRADE NEGOTIATIONS. THESE STATEMENTS  
GENERALLY COUPLED RECOMMITMENT TO THE PRINCIPLES OF  
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THE TOKYO DECLARATION WITH RECOMMENDATION THAT CON-  
CRETE NEGOTIATIONS BEGIN IMMEDIATELY. WHILE THE  
CHANGED INTERNATIONAL ECONOMIC SITUATION WAS WIDELY  
NOTED, THE SPEAKERS CONCLUDED THAT THE CHANGES REN-

DERED THE MULTILATERAL TRADE NEGOTIATIONS MORE NECESSARY THAN EVER. STATEMENTS REVEALED NOTHING SURPRISING REGARDING SPECIFIC COUNTRY POSITIONS. END SUMMARY.

2. GATT DIRECTOR-GENERAL LONG STATED THAT, ALL THE NECESSARY CONDITIONS I.E. PASSAGE OF US TRADE ACT) HAVING BEEN MET, THE NEGOTIATIONS COULD NOW BE EFFECTIVELY ENGAGED. HE PROPOSED THAT THE TNC FIRST HEAR STATEMENTS REGARDING THE INTIAL POSITIONS OF GOVERNMENTS ON THE MTN, THEN, IN THE LIGHT OF THESE, AGREE ON ISSUES TO BE TAKEN UP INITIALLY IN THE NEGOTIATIONS AND THE PROCEDURES FOR NEGOTIATIONS ON THESE ISSUES.

3. CANADA (GREY) SAID THAT HIS COUNTRY HAD A SPECIAL STAKE IN THE NEGOTIATIONS BECASUE OF ITS HIGH DEGREE OF TRADE DEPENDENCY. CANADA THOUGHT THAT THE "HYPOTHESIS" DEVELOPED FOR TARIFF CUTTING SHOULD COVER ALL ASPECTS OF INTERNATIONAL TRADE. THIS "HYPOTHESIS" MIGHT HAVE TO BE MORE COMPLICATED THAN THE KR LINEAR FORMULA, PERHAPS "WEIGHTING" TARIFF REDUCTIONS ACCORDING TO THEIR PRODUCT COVERAGE. THE NEGOTIATIONS SHOULD ALSO TAKE UP MEASURES THAT CONDITION THE VALIDITY OF TARIFF REDUCTIONS, SUCH AS SAFEGUARDS, BALANCE OF PAYMENTS MEASURES, COUNTERVAILING, ANTIDUMPING, AND SUCH NTB'S AS STANDARDS AND GOVERNMENT PROCUREMENT. SECTOR NEGOTIATIONS WOULD PERMIT GREATER LIBERALIZATION ON SOME PRODUCTS THAN ACROSS-THE-BOARD NEGOTIATIONS ON TARIFFS AND NTB'S. CANADA FELT IT NOW BEST TO BEGIN AT ONCE DISCUSSIN SEVERAL INDIVIDUAL SECTORS. CANADA WOULD BE PREPARED TO SUGGEST SOME SECTORS, STATING THEIR PRODUCT COVERAGE AND HYPOTHESES FOR SECTOR LIBERALIZATION WHICH WOULD GO FURTHER THAN ANY OVERALL HYPOTHESES. SECTOR DISCUSSIONS WOULD ALSO PROVIDE AN APPROPRIATE PLACE TO DISCUSS ANXIETIES REGARDING SECURITY OF ACCESS TO SUPPLIES, ON A COMMODITY-BY-COMMODITY BASIS, GREY SAID THAT CANADA WAS ALSO INTERESTED IN AGRICULTURAL NEGOTIATIONS. RECENT YEARS HAD DEMONSTRATED THE INADEQUACY LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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OF THE EXISITING RULES ON IMPORTS AND EXPORTS; THE NEGOTIATIONS SHOULD LEAD TO A MORE RATIONAL, EFFICIENT WORLD AGRICULTURE.

4. JAPAN (TSURUMI) SIAD THE WORSENING ECONOMIC CONDITIONS AND THE DANGER THEY POSE OF PROTECTIONISM WERE REASONS FOR AMAJOR EFFORT TO LIBERALIZE TRADE. JAPAN, AS OUTLINED IN A CABINET DECISIOON, WULD SEEK MAXIMUM TARIFF REDUCTION. IT WAS NOT WEDDED TO ANY ONE TARIFF CUTTING FORMULA, BUT THOUGHT SUCH A FORMULA SHOULD BE SIMPLE AND OF GENERAL APPCILABILITY. THE AIM SHOULD BE TO AGREE ON THIS FORMULA PRIOR TO THE SUMMER RECESS.

JAPAN PROPOSED THAT WORK BEGIN ON NTB'S SUCH AS CUSTOMS VALUATION, COUNTERVAILING, ANTIDUMPING, STANDARDS AND MARKS OF ORIGIN, AND DISCRIMINATORY QR'S, WHERE WORK HAS ALREADY BEGUN. JAPAN REGARDS THE SECTOR APPROACH AS COMPLEMENTARY, AND SHOULD BE CONSIDERED IN THE LIGHT OF PROGRESS IN MAJOR AREAS OF THE NEGOTIATIONS. JAPAN AGREED THAT SAFEGUARDS ARE A MAJOR AREA FOR WORK. BEARING THE OBJECTIVE OF TRADE LIBERALIZATION IN MIND, SUCH IDEAS AS TIME LIMITS FOR, DEGRESSIVITY OF, AND INTERNATIONAL SURVEILLANCE OF SAFEGUARD MEASURES MIGHT BE KEYS TO REVISION OF EXISTING PROCEDURES.

5. A U.S. (MALMGREN) OPENED STATEMENT (POUCHED, SUMMARIZED IN USINFO GENEVA 857) BY QUOTING PRESIDENT FORD'S RECENT STATEMENT THAT THE WORLD TRADE AND MONETARY STRUCTURE IS IN JEOPARDY AND OPPOSING ECONOMIC ISOLATIONISM, NOTING CURRENT ECONOMIC DISTRESS IS TEMPORARY, BUT MTN'S WILL RESULT IN CHANGES IN THE WORLD TRADING SYSTEM THAT WILL LAST FOR DECADES.

B. WHILE US TRADE ACT GRANTS 5-YEAR NEGOTIATING PROCESS IN WHICH AGREEMENTS ON SPECIFIC SUBJECTS WOULD BE REACHED AS SOON AS POSSIBLE, AS READY.

C. ONE OF THE MOST IMPORTANT DIRECTIVES IN THE US TRADE ACT IS TO SEEK LIBERALIZATION OF AGRICULTURAL TRADE IN CONJUNCTION WITH LIBERALIZING INDUSTRIAL TRADE.

D. US AGREES THERE SHOULD BE GENERAL TARIFF REDUCTION FORMULA COVERING ALL PRODUCTS WITH AS FEW EXCEPTIONS AS POSSIBLE. A LINEAR REDUCTION WOULD BE LIMITED OFFICIAL USE  
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SIMPLEST. AIM SHOULD BE TO AGREE ON A FORMULA BY JULY OR THEREABOUTS.

E. IMPORTANT, THE US CONTINUED, TO CHOSE A FEW NTB'S TO BEGIN WITH--PRODUCT STANDARDS, SUBSIDIES, AND GOVERNMENT PROCUREMENT.

F. OTHER SUBJECTS RAISED INCLUDED IMPROVEMENT IN THE INTERNATIONAL TRADING SYSTEM, INCLUDING SAFEGUARDS, SUPPLY ACCESS, AND FURTHER REFORMS.

G. US URGED NEGOTIATIONS BEGIN NOW, AND EARLY RESULTS ACHIEVED, WITH A NEED FOR REVIEW OF SPECIFIC AGRICULTURAL AND INDUSTRIAL PRODUCTS IN SUMMER, TO CONSIDER THWT MODIFICATIONS OF GENERAL TARIFF AND NTB RULES WOULD BE NECESSARY TO FIT INDIVIDUAL CASES.

6. EC (LUYTEN) NOTED CHANGED INTERNATIONAL TRADE PROBLEMS (E.G. ACCESS TO SUPPLIES). ON SPECIFICS:

A. EC REP REPEATED FAMILIAR COMMUNITY POSITION THAT TARIFFS SHOULD BE BOTH REDUCED AND HARMONIZED--OBJECTIVES OF EQUAL WEIGHT. SIMPLE FORMULA SHOULD BE DEVELOPED WHICH WOULD CUT HIGH TARIFFS MORE THAN LOW,

REDUCING TARIFFS TO A MAXIMUM 20 PER CENT, BUT NOT  
CURRING TARIFFS BELOW A CERTAIN LEVEL, EXCEPT IN  
EXCEPTIONAL CASES. THIS FORMULA COULD NOT BE APPLIED  
TO AGRICULTURAL PRODUCTS IF ONLY BECAUSE THE FORMS  
OF AGRICULTURAL PROTECTION VARY SO MUCH.

B. ON NTB'S, EACH COUNTRY SHOULD IN DUE TIME  
STATE ITS PRIORITY OBJECTIVES, MENTIONING COUNTERVAILING  
DUTIES AND STANDARDS, AND THOSE OF ITS OWN BARRIERS IT  
IS WILLING TO ELIMINATE. IN A FEW MONTHS PROGRESS  
SHOULD BE REVIEWED. THE SECTOR APPROACH SHOULD BE  
TAKEN UP AFTER PROGRESS IS MADE ELSEWHERE IN THE MTN'S.

C. AS FOR SAFEGUARDS, THE COMMUNITY, WHILE ATTACHED  
TO GATT ART. XIX, AGREES THAT ITS MODALITIES COULD BE  
IMPROVED TO PROVIDE GREATER FLEXIBILITY AND GREATER SU-  
VEILLANCE OF NATIONAL ACTIONS.

D. THE SPECIAL CHARACTERISTICS OF AGRICULTURE  
HAVE BEEN DEMONSTRATED BY RECENT HISTORY. IT WAS  
IMPORTANT TO CREAT CONDITIONS OF MORE SECURE SUPPLY  
WHILE RESPECTING DOMESTIC AGRICULTURAL POLICIES. TO  
THIS END, NATIONS DHOULD A) ENGATE IN SYSTEMATIC AND  
REGULAR EXCHANGES OF INFORMATION; B) NEGOTIATTE INTERNATIONAL  
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AGREEMENTS ON MAIN PRODUCTS--GRANS, RICE,  
SUGAR, DAIRY PRODUCTS--WHICH SHOULD INCLUDE CONCERTED  
STOCKPILE POLICIES AND HAVE PRICE PROVISIONS WHICH  
WOULD TRIGGER STOCKING AND DESTOCKING; C) AGREE TO  
"CONCERTED DISCIPLINES" ON SOME OTHER PRODUCTS; AND  
D) FINALLY, FOR A REMAINING GROUP OF PRODUCTS, TARIFF  
REDUCTIONS COULD PLAY A ROLE.

E. GATT RULES ON IMPORT RESTRICTIONS SHOULD BE  
APPLIED TO EXPORT RESTRICTIONS, AND THE POSSIBILITY F  
COMMON RULES OF GOOD CONDUCT ON SUPPLY ACCESS, COUPLED  
WITH CONSULTATION, SHOULD BE EXPLORED.

F. EC REP NOTED THAT THE EC HAD A CLEAR-CUT  
POSITION ON THE ORGANIZATION OF THE NEGOTIATIONS,  
WHICH HAD BEEN STATED TO THE TNC IN FEB 1974.

7. AUSTRALIA (WARWICK-SMITH) STRESSED THAT FOR AUSTRALIA  
VALUE OF NEGOTIATIONS WOULD DEPND ON THE ATTENTION GIVEN  
AGRUCULTURAL TRADE. AIM SHOULD BE TO APPLY THE PRINCIPLE  
OF COMPARATIVE ADVANTAGE TO AGRICULTURAL AS IT WAS TO  
INDUSTRAL TRADE. TRADE LIBERALIZATION SHOULD COVER  
AGRICULTURAL AS WELL AS INDUSTRIAL TARIFFS, WHILE ALLOW-  
ING SOME FLEXIBILITY. IT NOTED THT FOR THE MOMENT  
AUSTRALIA WAS PARTICIPTAINT IN DISCUSSIONS ON INTER-  
NATIONAL GRAIN RESERVES (WHICH MUST AVOID THE DANGER OF  
DEPRESSING PRICES). AUSTRALIA HAD NO DIFFICULTY WITH  
NOEGITATING ON GRAINS UNDER THE AEGIS OF THE INTER-  
NATIONAL WHEAT COUNCIL, WITH A POSSIBLE "LINK BACK"  
TO THE MTN'S. OTHER ASPECTS OF AGRICULTURE WOULD BE

NEGOTIATED IN THE MTN'S.

8. NEW ZEALAND EMPHASIZED THE DESIRABILITY OF A  
SECTORAL OR, IN MANY CASES, COMMODITY-BY-COMMODITY  
APPROACH TO THE NEGOTIATIONS. NEW ZEALAND WISHES TO  
INTRODUCE INTO THE GATT COMMITMENTS ON AGRICULTURAL  
TRADE EQUIVALENT TO THOSE ON INDUSTRIAL TRADE. BUT  
IT WOULD BE DIFFICULT TO VIEW ALL AGRICULTURE AS AN  
APPROPRIATE NEGOTIATING SECTOR. FOR THE MOMENT, WORK  
SHOULD CONCENTRATE ON CERTAIN COMMODITIES--MEAT AND  
DAIRY PRODUCTS, IN THE NEW ZEALAND VIEW.

9. LDC'S STATEMENTS WERE LARGELY VARIATIONS ON THE  
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THEME THAT SPECIAL ATTENTION SHOULD BE GIVEN TO THEIR  
NEEDS. BRAZIL SUGGESTED DIFFERENT TARIFF BINDINGS FOR  
LDC'S AND DEEPER AND MORE RAPID REDUCTION IN TARIFFS  
ON LDC PRODUCTS; ON THE OTHER HAND, LDC'S, IN BRAZIL'S  
VIEW, COULD ONLY BE EXPECTED TO MAKE SELECTIVE ITEM-BY-  
ITEM CUTS. MEXICO SAID THAT ANY TARIFF REDUCTION TECH-  
NIQUE SHOULD BE SCRUTINIZED IN ADVANCE TO DETERMINE AND  
LIMIT THE EFFECT ON GSP. COMPENSATION FOR THE EROSION  
OF GSP SHOULD ALSO BE CONSIDERED. LDC PRODUCTS NOT  
IN THE GSP SHOULD BE CONSIDERED FOR DEEPER OR MORE  
ACCELERATED REDUCTIONS; ON THE OTHER HAND, MFN TARIFF  
REDUCTIONS ON GSP ITEMS SHOULD BE IMPLEMENTED MORE  
SLOWLY. ANY TARIFF REDUCTION TECHNIQUE SHOULD APPLY  
TO ALL CHAPTERS OF THE BTN. LDC PRIORITY LISTS FOR  
NTB WORK GENERALLY INCLUDED THE FOLLOWING PRIORITIES:  
QUANTITATIVE RESTRICTIONS, CUSTOMS VALUATION,  
STANDARDS, HEALTH AND SANITARY REGULATIONS, EXPORT  
SUBSIDIES AND COUNTERVAILING DUTIES. LDC'S URGED  
SAFEGUARDS NOT BE APPLIED TO LDC PRODUCTS. MAW.  
UNQUOTE MAW

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## Message Attributes

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